STEWARDSHIP PROGRAM REPORT Calendar Year 2008

Our mission is to ensure that the state-held conservation easements are managed to protect water quality, wildlife habitat, and provide open space.

Introduction

In 2006 the DENR Stewardship Program was implemented in the Department of Environment and Natural Resources (DENR). Through a renewable 3-year contractual Memorandum of Agreement, the DENR Office of Natural Resource Planning and Conservation assumed responsibility for stewardship of all High Quality Preservation lands that have been acquired to date by Ecosystem Enhancement Program (EEP), and agreed to accept responsibility for closed-out restoration sites that were acquired for use as compensatory mitigation by EEP.

The pilot year for the DENR Stewardship Program ran from September 15, 2006 through September 14, 2007. Of the initial 75 properties transferred from the Ecosystem Enhancement Program (EEP) to DENR's Stewardship program, with an endowment of \$14,000 per property/site for a total of \$1,050,000, 71 properties were monitored during the pilot study period. An endowment was established by the EEP to procure the use of environmental services from the land trust community and State agencies (Soil and Water Conservation Districts) to monitor conservation easements and for administrative and other support functions. Endowment funds of \$14,000 / site were transferred for 86 properties. For 14 conservation easements, \$20,000 / site was transferred. The list of properties and their endowment transfers are attached in **Appendix A**.

In 2008, the program managed 100 EEP properties totaling 12,740 acres. Conservation easements are currently on 92 properties and eight properties are owned in fee simple. The program partners closely with the EEP, Clean Water Management Trust Fund, State Property Office, Division of Soil and Water Conservation, and the land trust community to monitor properties.

In 2014, DENR plans to expand these stewardship activities to include monitoring 5,596 acres on 154 permanent conservation easements for the Conservation Reserve Enhancement Program (CREP) in the Division of Soil and Water Conservation.

The Stewardship Program has three main goals:

- 1. Minimize violations through effective landowner communications,
- 2. Avoid unintentional impacts by educating the public about easements, and
- 3. Ensure effective monitoring of easements to the extent possible with available funds.

The Stewardship Program Director coordinates these monitoring activities, and is advancing several strategies that will increase the program's efficiency and effectiveness:

- o Providing signs for property boundaries,
- o Communicating no ATV use within easements to landowners and hunters,
- Partnering with state agencies such as Department of Agriculture & Consumer Services,
 Wildlife Resources Commission, Department of Cultural Resources, and Division of Water
 Quality for site monitoring,
- O Creating a website interface to facilitate property monitoring and work with partners to track all conservation properties (http://ibeamdev.enr.state.nc.us), and
- o Minimize future easement violations by strategic enforcement.

Funding

The DENR Stewardship Program has a single employee that is funded by the Ecosystem Enhancement Program, and the Natural Heritage Trust Fund. Funds for operating come from separate accounts (75% EEP and 25% NHTF).

The Stewardship Endowment Account was established as Principle Fund 6704 and Interest Fund 6705 in Budget Code 6437, for monies solely dedicated to stewardship activities. These non-reverting funds are established for specific purposes through General Statutes which specify authorized uses of the monies (§113A 232). The State Treasurer administers this account. The Principle Fund increased by \$24,707 in interest for 2008 due to transfers from 6705 (**Table 1**). Fund 6705 increased by \$57,812. However, inflation was rampant during 2008 and it exceeded the interest earned by \$40,187. The endowment at the end of December 2008 was \$1,441,328. It increased because funds from three months were transferred from the interest account (6705) to cover the amount of inflation. This practice was stopped after March because fund 6705 also earns interest.

Table 1: Stewardship Funds for 2008				
	6704 (Principle)	6705 (Interest)		
Beginning Balance	\$1,416,621	\$61,963		
Earnings	\$24,707	\$57,812		
Final Balance	\$1,441,328	\$119,775		

Progress and Cost Containment Measures

Land trusts completed inspection of 68 sites between September 15, 2007 and September 14, 2008. Although this is less than all 100 sites, the program was assured that all sites were inspected and that the monitoring forms would be sent in. Contracts for the monitoring totaled \$40,085.

Private mitigation banks have initiated discussions for the Stewardship Program to hold conservation easements for private mitigation banks. A policy to receive donation of easements will be developed in 2009.

Land trusts were given an opportunity to bill by the parcel monitored or by the lump sum method. The Stewardship Program encouraged the lump sum method because it reduced the number of processing claims and checks written to one per month.

Coordination with other agencies such as the Clean Water Management Trust Fund (CWMTF) continued. The Stewardship Program and the CWMTF developed similar monitoring forms. In addition, in 2009, these agencies should coordinate monitoring on adjacent properties. Coordinated schedules with the land trusts should result in additional cost containment.

<u>Changes to Endowment</u>: In its initial year, the Stewardship Program administered 71 properties in a pilot project. The total cost to conduct monitoring visits to these properties to document site condition was \$29,000, which did not include enforcement or management. Since this amount exceeded the available interest earned from the Conservation Grant Fund Endowment, the endowment per property was determined to be inadequate. Additional expenses resulted from

enforcement of two easement violations reported as a result of the monitoring in 2007, which exacerbated the funding shortfall. It became apparent that the endowment rate for subsequent transfers would need to be increased.

Partly in response to having an inadequate endowment, 15A NCAC 02R .0402 was amended. As of July 2008, properties and easements donated to the NC Department of Environment and Natural Resources require a fee of one thousand dollars (\$1,000) per acre at the time the land or easement is transferred to the Department's Conservation Grant Fund Endowment. For properties that are less than one acre in size, the minimum payment shall be one thousand dollars (\$1,000). This charge applies only to properties and easements donated to the Department for the sole purpose of property or easement maintenance.

Hunting leases continue on the Great Coharie property. Approximately \$9,900 was earned from the leases. This money was spent posting signs and documenting numerous violations.

Concerns

The largest issue affecting the Stewardship Program continues to be the lack of funds generated by the endowment. For most of the 2008 year, the interest rate was low and the inflation rate was high. The result created a situation where the endowment may not yield enough money to cover monitoring costs for 2009. A policy to provide a predictable and sustainable return from the existing endowment should be developed in 2009.

Excluding the Great Coharie property, the average site is 145 acres with a perimeter of 13,167 feet (2.49 miles). Based on program estimates, monitoring the boundary should take approximately 4 hours. Additional time is needed for pre- and post visit activities. The Stewardship Program estimates that total maximum time to monitor and document the protection status on properties should not exceed 8 hours and should cost approximately \$353. However, actual invoices to the program show that average monitoring cost was \$394. The discrepancy between the actual and estimated costs needs to be investigated. Unless the endowment rates can cover the cost, site visits may need to scheduled for every other year.

Although the Great Coharie site was one of the original properties transferred to the Stewardship Program, the boundary was walked and posted for the first time this year. The property was inspected from the roads in previous years because of time constraints. Several small easement violations such as row crop farming, grazing, storage of farming equipment, and cutting trees were observed. Resolution of the violations will require considerable effort and will likely involve several agencies.

In partnership with the NC Wildlife Resources Commission, the property was enrolled in the Deer Management Assistance Program (DMAP) to improve the quality of the site. Mr. Tom Padgett and Ms. Ruthann Cantrell (Wildlife Resources Commission) gave a presentation to the hunters on the correct data collection methods from their deer harvest. The harvest data was submitted to the WRC.

Although there were minor violations by hunt club members, there are benefits to allowing leases on large fee-simple properties. The hunt clubs protect their interests and report potential land violations. Because of the observations, fewer violations occur than if the property did not allow

hunting and people trespassed regardless of the postings. In addition, the Stewardship Program was able to resolve the violations with the hunting clubs.

The broader issue of long-term stewardship, including management for ecological values, remains largely unaddressed due to limited financial resources. Invasive species management for the Great Coharie property is a priority because approximately 5% (230 acres) of the property has Chinese Privet (*Ligustrum sinense*), bamboo, and Chinaberry (*Melia azedarach*). These invasive species will be an on-going management concern.

All-terrain vehicle (ATV) trespass has occurred primarily on properties monitored by the Tar River Land Conservancy. A policy to address the ATV trespass is needed.

New contracts for the land trusts have been delayed since April 2008 for several reasons. The GIS shape files for each property was needed to try to group sites into fewer trips, saving time and funds. The monitoring website took much more time to get up and running than anticipated. Delays were caused by financial uncertainties associated with the fluctuating inflation and interest rates. The Stewardship Program is run with a ³/₄ full-time employee which reduces program efficiency. Increasing funding to full-time will be needed in the future.

Calendar year 2008 was another successful year for the Stewardship Program. Property boundary signs were purchased and sent to most of the partners for installation during 2009.

Plans for 2009

Year 2009 promises to bring challenges because interest income from the endowment fund is not enough to cover the monitoring expenses. Enforcement need to receive more attention if the properties are going to continue to fulfill their mitigation goals.

Full implementation of the monitoring IBEAM software is expected in 2009. This new system will be an efficient and effective method to track each property.

The following policies and guidelines need to be developed:

- Reducing ATV trespass
- Accepting mitigation bank easements into Program
- Creating a predictable and sustainable Program given current return on endowments

Appendix A: Property Information and Endowment Transfers

Project No.	Project Name	SPO Number	County	Acreage	Endowment
1	Great Coharie-TNC	pending	Sampson	4,858	\$14,000
2	Beaver Dam-Drowning Creek II (Rankin Tract)	63-024.008	Moore	1,214	\$14,000
3	Rankin Tract	36-020.005	Gaston	506	\$14,000
4	Len's Knob	86-014.001	Surry	459	\$14,000
5	Alston Tract 1- Isinglas Creek near Shocco Creek	35-009.018	Franklin	31	\$14,000
6	Alston Tract 2 - Isinglas Creek + Shocco Creek	35-009.018	Franklin	139	\$14,000
7	Alston Tract 3- Shocco Creek	35-009.018	Franklin	93	\$14,000
8	Alston Tract 4- Shocco Creek	35-009.018	Franklin	97	\$14,000
9	Roanoke River-IP-Blue Sky Timber Tract 42- 14	42-038.002	Halifax	329	\$14,000
10	Roanoke River-IP-Blue Sky Timber Tract 42- 15	42-038.003	Halifax	264	\$14,000
11	Flat River-Horton Grove (Aslen Park LLC)	32-052.006	Durham	307	\$14,000
12	MacNair Tract (Turpentine, LLC)-Aycock Creek	39-029.006	Granville	211	\$14,000
13	IP/Alston Tract-Fishing Creek	93-016.006	Warren	179	\$14,000
14	Bessemer Tract-Hyco Lake	17-015.001	Caswell	167	\$14,000
15	Allen Tract	35-009.010	Franklin	147	\$14,000
16	Bruchon Tract-Roan Massif	61-012.001	Mitchell	146	\$14,000
17	Seagate Woods	16-165.010	Carteret	123	\$14,000
18	Guthrie Tract-Shelton Creek	39-029.002	Granville	111	\$14,000
19	Elk-Shoals-Methodist Camp	05-015.002	Ashe	96	\$14,000
20	Edwards Tract-Fishing Creek	64-014.003	Nash	87	\$14,000
21	Davis Tract-Yadkin River	30-010.001	Davie	81	\$14,000
22	Bishop Tract-Canal Branch	04-015.001	Anson	81	\$14,000
23	Tomlinson Tract-Little Shocco Creek	35-009.020	Franklin	78	\$14,000
24	Camp Chestnut Ridge-Sevenmile Creek	68-041.031	Orange	60	\$14,000
25	M. Speed Tract-Little Shocco Creek	93-016.004	Warren	45	\$14,000
26	Lewis Tract, Little River	76-018.003	Randolph	44	\$14,000
27	Hodges Tract-Tar River	35-009.014	Franklin	42	\$14,000
28	Peterson Tract-Shelton Creek	39-029.001	Granville	41	\$14,000
29	Shocco Creek LLC-Little Shocco Creek	35-009.008	Franklin	40	\$14,000
30	Langley Site-Cypress Creek	35-009.007	Franklin	40	\$14,000
31	Childers Tract North Pacolet	75-009.007	Polk	40	\$14,000
32	Crowther North-South Yadkin River	80-019.019	Rowan	39	\$14,000
33	Harris Tract-Tar River	39-029.005	Granville	39	\$14,000
34	Walbourn Tract, Little River	76-018.005	Randolph	38	\$14,000
35	Winslow Tract-North Fork Upper Tar River (only A)	39-029.016	Granville	37	\$14,000

Project No.	Project Name	SPO Number	County	Acreage	Endowment
36	Lynn Capps Tract-Fishing Creek	93-016.002	Warren	37	\$14,000
37	Wimberley Tract-Nat's Creek	63-024.005	Moore	34	\$14,000
38	Harper Tract-Swift Creek	35-009.013	Franklin	28	\$14,000
39	O'Neal Tract-Little Shocco Creek (on county boundary)	35-009.005	Warren + Franklin	26	\$14,000
40	Old Cove Tract-Green River-Burdett Property	75-009.006	Polk	24	\$14,000
41	Faulkner Tract-Sandy Creek	35-009.016	Franklin	20	\$14,000
42	Smitherman Tract-Tar River	39-029.004	Granville	20	\$14,000
43	Lester Capps Tract-Shocco Creek	93-016.001	Warren	19	\$14,000
44	William O'Neal Tract-Swift/Sandy Creek	35-009.006	Franklin	19	\$14,000
45	A&P Timber Tract-Sandy Creek	35-009.015	Franklin	18	\$14,000
46	Lambert Tract-Uwharrie River Bluff	62-021.008	Montgomery	18	\$14,000
47	Tucker-Daniel 1 Tract-Shelton Creek	39-029.015	Granville	19	\$14,000
48	Dutch Second Creek-Hill Tract	80-019.020	Rowan	17	\$14,000
49	Newton Tract-White Pines	19-028.004	Chatham	16	\$14,000
50	Green Tract-Fishing Creek	93-016.003	Warren	16	\$14,000
51	Wheless Tract-Little Shocco Creek	35-009.012	Franklin	15	\$14,000
52	Sturges Tract-Fishing Creek	35-009.017	Franklin	13	\$14,000
53	D. Davis Tract-Shocco Creek	93-016.005	Warren	12	\$14,000
54	Averett Tract-Tar River	39-029.008	Granville	11	\$14,000
55	Slaughter Tract-Shelton Creek	39-029.017	Granville	35	\$14,000
56	Pickler's Bluff	80-19.012	Rowan	11	\$14,000
57	Baker Tract - Pisgah Covered Bridge, Little River	76-018.004	Randolph	10	\$14,000
58	Tucker-Daniel 2 Tract-Shelton Creek	39-029.003	Granville	3	\$14,000
59	Wickliff Tract-Dutch Buffalo Creek	13-015.005	Cabarrus	3	\$14,000
60	WalkerTract-Dutch Buffalo Creek	13-015.004	Cabarrus	34	\$14,000
61	Parker Tract - Pisgah Covered Bridge, Little River	76-018.006	Randolph	34	\$14,000
62	Hall Tract-Fishing Creek	33-019.006	Edgecombe	231	\$14,000
63	Whatley Tract-Uwharrie River	76-018.007	Randolph	25	\$14,000
64	Parrish Tract-Sandy Creek	35-009.019	Franklin	33	\$14,000
65	Crews Farm-Roy Crews Tract-Tar River	39-029.010	Granville	10	\$14,000
66	Betty Crews Tract-Tar River	39-029.009	Granville	32	\$14,000
67	Ward Tract-Green River	75-009.008	Polk	15	\$14,000
68	Thorp Tracts-Shelton Creek	39-029.011	Granville	52	\$14,000
69	Morton Tracts-Shelton Creek	39-029.007	Granville	6	\$14,000
70	Grissom Tract-Barnes Creek	62-021.010	Montgomery	56	\$14,000
71	Pitts Tracts-Tar River	39-029.012	Granville	27	\$14,000
72	Sherman Tract No. 1-Tar River	39-029.014	Granville	16	\$14,000
73	Sherman Tract 2-Tar River	39-029.013	Granville	28	\$14,000

Project No.	Project Name	SPO Number	County	Acreage	Endowment
74	Tar River Dean	39-029.018	Granville	63	\$14,000
75	New Hope Creek Penny	68-041.033	Orange	20	\$14,000
76	Shearin Tract-Fishing Creek	93-016.007	Warren	70	\$14,000
77	Perry Tract-Cedar Creek	36-020.016	Franklin	162	\$14,000
78	Gardner Tract-Big Pond Bay	26-045.002	Cumberland	31	\$14,000
79	Johnston Tract-Reedy Creek	93-016.010	Warren	65	\$14,000
80	Beaver Dam-Drowning Creek Phase II	63-024.008	Moore	59	\$14,000
81	Oakley Tract-Tar River	39-029.019	Granville	13	\$14,000
82	Harrell Tract-Chowan River	21-021.011	Chowan	111	\$14,000
83	Capps Forestry Enterprises-Fishing Creek	93-016.008	Warren	23	\$14,000
84	Bingham Tract-Uwharrie River	62-021.012	Montgomery	562	\$14,000
85	Capps Farms IncFishing Creek	93-016.009	Warren	39	\$14,000
86	Boyer Tract-Green River	75-009.009	Polk	31	\$14,000
87	McKean Tract-Deep Creek-Sandy Creek	63-024.011	Moore	95	\$14,000
91	Pories Tract-Tar River	74-039.008	Pitt	37	\$20,000
92	McDonald Tract-Hitchcock Creek	77-028.006	Richmond	40	\$20,000
93	Mullen Tract-Sandy Creek	35-009.025	Franklin	29	\$20,000
94	Cochran Tract-Little River	62-021.014	Montgomery	19	\$20,000
95	Luthi Tract-Skyuka Creek	75-009.011	Polk	20	\$20,000
96	Young Tract-Sandy Creek	35-009.022	Franklin	72	\$20,000
97	Cochran Tract-Uwharrie River	62-021.013	Montgomery	15	\$20,000
98	Jordan Tract-Deep River (Paschal)	63-024.012	Moore	156	\$20,000
99	Paschal Tract-Glendon Slate Creek	63-024.010	Moore	15	\$20,000
100	M. Paschal Tract-Deep River	63-024.009	Moore	75	\$20,000
101	Jordan Tract-Deep River (Singleton)	63-024.013	Moore	12	\$20,000
102	Fisher River-Fisher Peak	86-014.007	Surry	151	\$20,000
103	Mill Creek Steele	86-014.008	Surry	15	\$20,000
104	Trinity School-New Hope Creek	63-024.011	Orange	27	\$20,000

TOTAL \$1,498,000 s for 2410 \$81,379